

FISCAL NOTE

Bill #: SB0228

Title: Entity receiving funds from state to provide financial report upon request

Primary Sponsor: Taylor, M

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality

1. Department of Environmental Quality (DEQ) is unable at this time to estimate how many entities that receive funds from the department do not have audited financial statements readily available.
2. If and when a contractor is asked by the Legislative Auditor to provide such financial reports, and the contractor wishes to charge for printing costs, or in a worst-case scenario, the preparation of the financial reports, agencies will not pay for these costs.
3. The costs for which a contractor may ask reimbursement may not be paid from federal funds, as stipulated in federal circular A-133.

Department of Commerce

4. SB 228 provides that any entity that receives funds from the State of Montana shall, upon request, provide a copy of the most recent audited financial statements, or other financial information of the entity, to the funding entity.
5. The Department of Commerce has determined that it currently requires the aforementioned financial information contained in assumption # 4 in its contracts with entities receiving funds. Therefore, there is no fiscal impact to the agency. Fiscal impacts to receiving entities are undeterminable.

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(continued)

Judiciary

6. When the Judicial Branch enters into contracts with entities to provide payment for services rendered by an outside entity, there is language in the contracts that provides for the contractor to account for all expenditures using generally accepted accounting principles and that we are provided access to all financial records related to the contract. Therefore, the Judicial Branch assumes there will be no fiscal impact from this legislation.

Other Agencies

7. Eleven other agencies responded with no fiscal impact.

TECHNICAL NOTES:

1. SB 228 recommends changes to specific state laws that appear to be covered by the Montana State Single Audit Act. Local government entities, taxing authorities, and tax recipients are covered by this act. Local governments and non-profit entities also are covered by federal Circular A-133. Both of these regulations are designed to eliminate duplication, waste, and inefficiencies in the audit process by requiring audit reporting to build on the work already performed during previous audits.
2. For-profit businesses (as well as governments and non-profits) are funded through contracts with state entities. Boilerplate language in these contracts requires the contractor to provide access and availability to its records for both the funding department and the Legislative Auditor. Most of these organizations have audits performed. Those that do not have audits performed, generally produce financial statements to meet banking and/or taxation requirements. This boilerplate language already makes this financial information available upon demand.